

Message Text

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ORIGIN EB-07

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FM SECSTATE WASHDC

TO AMCONSUL MONTREAL

UNCLAS STATE 120685

FOR KNUT HAMMARSKJOLD, DIR GENERAL, IATA

E.O. 11652: N/A

TAGS:

SUBJECT: JOINT US-UK STATEMENT

1. ON MAY 21-22, GEORGE ROGERS AND I MET HERE TO CONSIDER
THE PROBLEM OF AGENTS' COMMISSIONS. WE HAVE JUST ISSUED A
JOINT STATEMENT, THE TEXT OF WHICH IS AS FOLLOWS:

QUOTE:

REPRESENTATIVES OF THE US AND BRITISH GOVERNMENTS MET IN
WASHINGTON ON MAY 21-22, 1975, TO DISCUSS THE PROBLEMS
WHICH HAD ARISEN OVER THE SYSTEM OF COMMISSION RATES PAID
BY AIRLINES TO TRAVEL AGENTS AND OTHER INTERMEDIARIES FOR
INTERNATIONAL TRAVEL AND OVER THE ENFORCEMENT OF THE
SYSTEM.

THEY WERE CONVINCED THAT WIDESPREAD ABUSES HAD CREATED AN
UNSATISFACTORY SITUATION. THEY AGREED THAT IT WAS IN THE
INTERESTS OF THE AIRLINE INDUSTRY, TRAVEL AGENTS, AND THE
PUBLIC THAT A STABLE SYSTEM OF COMMISSION RATES BE ADOPTED,
UNIFORMLY IMPLEMENTED, AND FULLY ENFORCED AS SOON AS
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POSSIBLE.

TO THIS END, THE TWO GOVERNMENTS UNDERTOOK TO BRING THEIR CONCERN TO THE ATTENTION OF IATA AND TO URGE THAT IT ADOPT, SUBJECT TO GOVERNMENT APPROVALS, A COMMISSION RATE SYSTEM WHICH WOULD PROVIDE FOR STABILITY AND FOR ENFORCEMENT OF ANY AGREED-UPON RATES. THE TWO GOVERNMENTS STRESSED THE PARTICULAR IMPORTANCE THEY ATTACH TO THE UNIFORM IMPLEMENTATION AND EFFECTIVE ENFORCEMENT OF ANY SUCH SYSTEM.

THE REPRESENTATIVES OF THE TWO GOVERNMENTS ALSO CONSIDERED WHAT ACTIONS THE GOVERNMENTS THEMSELVES COULD TAKE. THE US REPRESENTATIVES STATED THAT THEY WOULD PRESS FOR EARLY ACTION ON A PROPOSAL CURRENTLY PENDING BEFORE THE CIVIL AERONAUTICS BOARD FOR THE FILING OF COMMISSION RATE SCHEDULES AND FOR EFFECTIVE PENALTIES FOR FAILURE TO OBSERVE THE RATES AS FILED. THE BRITISH REPRESENTATIVES STATED THAT THEY WOULD REVIEW THE POWERS OF THE BRITISH GOVERNMENT TO ENSURE THAT THEY WERE ADEQUATE TO DEAL WITH THE ENFORCEMENT QUESTION.

BOTH GOVERNMENTS WERE CONSCIOUS OF THE DANGER THAT AN UNRESTRAINED COMMISSION WAR WOULD FURTHER UNDERMINE AIRLINE FINANCES AT A TIME WHEN THE AIRLINES WERE ALREADY IN DIFFICULTIES, AND COULD CREATE PRESSURE FOR HIGHER FARES. THEY THEREFORE AGREED TO URGE THEIR AIRLINES TO PRESS FOR THE SIMULTANEOUS ADOPTION, AT THE EARLIEST POSSIBLE MOMENT, OF IATA RESOLUTIONS PROVIDING FOR THE ESTABLISHMENT OF (1) AN EFFECTIVE ENFORCEMENT SYSTEM AND (2) AN INTERIM AGREEMENT ON COMMISSION RATES PENDING THE RESULTS OF THE INVESTIGATIONS INTO AGENTS COSTS THAT IATA HAS ALREADY SET IN TRAIN. THE TWO GOVERNMENTS EXPECT ALL AIRLINES TO ENTER INTO THESE NEGOTIATIONS IN GOOD FAITH AND TO BE PREPARED TO REACH A REASONABLE ACCOMMODATION OF THEIR DIFFERING POINTS OF VIEW.

THE TWO GOVERNMENTS ALSO AGREED TO BRING THEIR CONCERN OVER THIS MATTER TO THE ATTENTION OF OTHER GOVERNMENTS, TO INFORM THEM OF THE ACTIONS THEY WERE TAKING, AND TO UNCLASSIFIED

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INVITE THEM TO TAKE COMPARABLE ACTIONS.

IN THE LIGHT OF THEIR UNDERSTANDING THAT PAN AM WOULD USE THEIR BEST EFFORTS TO ACHIEVE, AS SOON AS POSSIBLE, THE ADOPTION OF THE IATA RESOLUTIONS REFERRED TO IN THE FIFTH PARAGRAPH ABOVE, THE BRITISH GOVERNMENT STATED THAT THEY DID NOT INTEND TO TAKE ANY PRECIPITATE ACTION IN REGARD TO PAN AM'S OPERATING PERMITS.

END QUOTE.

2. WE WOULD BE VERY PLEASED TO DISCUSS THESE MATTERS WITH YOU AND ANY OF YOUR COLLEAGUES YOU MAY WISH, AS SOON AS POSSIBLE. I SHALL BE IN EUROPE NEXT WEEK AND THIS WOULD PROVIDE A CONVENIENT OPPORTUNITY FOR US TO GET TOGETHER QUICKLY.

3. WILL YOU PLEASE COPY YOUR REPLY TO GEORGE ROGERS IN LONDON?

THOMAS O. ENDERS
ASSISTANT SECRETARY
U.S. DEPARTMENT OF STATE

INGERSOLL

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